

§ 32.6724 Information management.

This account shall include costs incurred in planning, developing, testing, implementing and maintaining data bases and application systems for general purpose computers.

§ 32.6725 Legal.

This account shall include costs incurred in providing legal services. This includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

§ 32.6726 Procurement.

This account shall include costs incurred in procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

§ 32.6727 Research and development.

(a) This account shall include costs incurred in making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use.

(b) This excludes making routine alterations to existing products, processes, and other ongoing operations even though those alterations may represent improvements.

§ 32.6728 Other general and administrative.

This account shall include costs incurred in performing general administrative activities not directly charged to the user, and not provided for in other accounts. This includes providing general reference libraries, food services (e.g., cafeterias, lunch rooms and vending facilities), archives, general

security investigation services, operating official private branch exchanges in the conduct of the business, and telecommunications and mail services. Also included are payments in settlement of accident and damage claims, insurance premiums for protection against losses and damages, direct benefit payments to or on behalf of retired and separated employees, accident and sickness disability payments, supplemental payments to employees while in governmental service, death payments, and other miscellaneous costs of a corporate nature. This account excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported.

§ 32.6790 Provision for uncollectible notes receivable.

This account shall be charged with amounts concurrently credited to Account 1200, Notes Receivable, or to Account 1201, Notes Receivable Allowance, when such allowance is maintained.

Subpart F—Instructions For Other Income Accounts

§ 32.6999 General.

(a) *Structure of the Other Income Accounts.* The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) Other Income Accounts Listing.

Account title	Class A account	Class B account
Other operating income and expense:		
Other operating income and expense	17100	7100
Income from custom work	7110	.....
Return from nonregulated use of regulated facilities	7130	.....
Gains and losses from foreign exchange	7140	.....
Gains or losses from disposition of land and artwork	7150	.....
Other operating gains and losses	7160	.....
Operating taxes:		
Operating taxes	17200	7200
Operating investment tax credits—net	7210	.....
Operating Federal income taxes	7220	.....
Operating State and local income taxes	7230
Operating other taxes	7240

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Account title	Class A account	Class B account
Provision for deferred operating income taxes—net	7250
Nonoperating income and expense:		
Nonoperating income and expense	¹ 7300	7300
Dividend income	7310	.....
Interest income	7320	.....
Income from sinking and other funds	7330	.....
Allowance for funds used during construction	7340	.....
Gains or losses from the disposition of certain property	7350	.....
Other nonoperating income	7360	.....
Special charges	7370	.....
Nonoperating taxes:		
Nonoperating taxes	¹ 7400	7400
Nonoperating investment tax credits—net	7410	.....
Nonoperating Federal income taxes	7420	.....
Nonoperating State and local income taxes	7430	.....
Nonoperating other taxes	7440	.....
Provision for deferred nonoperating income taxes—net ..	7450	.....
Interest and related items:		
Interest and related items	¹ 7500	7500
Interest on funded debt	7510	.....
Interest expense—capital	7520	.....
Leases	7530	.....
Amortization of debt issuance expense	7540	.....
Other interest deductions	7550	.....
Extraordinary items:		
Extraordinary items	¹ 7600	7600
Extraordinary income credits	7610	.....
Extraordinary income charges ..	7620	.....
Current income tax effect of extraordinary items—net	7630	.....
Provision for deferred income tax effect of extraordinary items—net	7640	.....
Jurisdictional Differences and non-regulated income items:		
Income effect of jurisdictional ratemaking difference—net	7910	7910
Nonregulated net income	7990	7990

¹ To be used by Class A companies to summarize accounts for reporting purposes.

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§ 32.7099 Content of accounts.

Other Operating Income and Expense accounts are intended to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. They shall include all items of an operating nature as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstances

shall be matched and the result shown as a net gain or loss.

§ 32.7100 Other operating income and expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7110 through 7160. Class B companies shall use this account for other operating income and expense items of the type and character required of Class A companies in Accounts 7110 through 7160.

§ 32.7110 Income from custom work.

(a) This account shall include profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the company in constructing its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained with sufficient particularity to identify separately the revenue and costs associated with each undertaking.

§ 32.7130 Return from nonregulated use of regulated facilities.

This account shall include a return on investment for the use of regulated property plant and equipment to provide nonregulated products and services.

§ 32.7140 Gains and losses from foreign exchange.

This account shall include all gains and losses resulting from the exchange of foreign currency. Transaction (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.